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Eric M. Hocky
Direct Dial 215 640 8523
Email ehocky@thorpreed.com

ATTORNEYS AT LAW SINCE 1895

VIA OVERNIGHT DELIVERY

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street SW
Washington, DC 20024



Re: Pennsylvania Northeastern Railroad, LLC –
Acquisition and Operation Exemption – CSX Transportation, Inc.
STB Docket No. FD 35535
(Color map enclosed)

Dear Ms. Brown:

Enclosed for filing are the original and 10 copies of a Notice of Exemption under 49 CFR 1150.31 being filed on behalf of Pennsylvania Northeastern Railroad, LLC. A separate color copy of the map attached to the Notice as Exhibit A is included for the Board's reference. Also enclosed is our check in the amount of \$1800 representing the filing fee.

Please time stamp the extra copy of the Notice of Exemption and return it to me in the stamped, self-addressed envelope provided for your convenience.

Please let me know if there are any questions regarding this filing.

Respectfully,

Eric M. Hocky

Counsel for Pennsylvania
Northeastern Railroad, LLC

FILED
JUL 8 - 2011
**SURFACE
TRANSPORTATION BOARD**

FEE RECEIVED

JUL 8 - 2011

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Philadelphia

Princeton

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EMH/e
Enclosures

cc: Louis E. Gitomer, Esq. (w/encl., via e-mail)

Thorpe Reed & Armstrong, LLP
One Commerce Square
2005 Market Street
Suite 1000
Philadelphia, PA 19103-7041
215 640 8500
215 640 8501 Fax

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB DOCKET NO. FD 35535



PENNSYLVANIA NORTHEASTERN RAILROAD, LLC

- ACQUISITION AND OPERATION EXEMPTION -

CSX TRANSPORTATION, INC.

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VERIFIED NOTICE OF EXEMPTION
UNDER 49 C.F.R. § 1150.31, et seq.

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SURFACE
TRANSPORTATION BOARD

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SURFACE
TRANSPORTATION BOARD

ERIC M. HOCKY
THORP REED & ARMSTRONG, LLP
One Commerce Square
2005 Market Street, Suite 1000
Philadelphia, PA 19103
(215) 640-8500
ehocky@thorpreed.com

Dated: July 7, 2011

Attorneys for
Pennsylvania Northeastern Railroad, LLC

STB DOCKET NO. FD 35535

**PENNSYLVANIA NORTHEASTERN RAILROAD, LLC
- ACQUISITION AND OPERATION EXEMPTION -
CSX TRANSPORTATION, INC.**



**VERIFIED NOTICE OF EXEMPTION
UNDER 49 C.F.R. § 1150.31, et seq.**

This Verified Notice is filed pursuant to 49 C.F.R. §1150.31 by Pennsylvania Northeastern Railroad, LLC (“PNR”), a non-carrier, to exempt from regulation under 49 U.S.C. §10901, its acquisition of a permanent freight easement over, and the operation of the lines of railroad owned by Southeastern Pennsylvania Transportation Authority (“SEPTA”) known as the Lansdale Cluster, as described more fully below (the “Rail Lines”).¹ The permanent freight easement over the Rail Lines is currently owned and operated by CSX Transportation, Inc. (“CSXT”). The total mileage of the Rail Lines is approximately 55.53 miles.² This filing is related to a petition for common control that will be filed prior to closing in STB Docket No. FD 35534, Paul Nichini – Continuance in Control Exemption – Pennsylvania Northeastern Railroad, LLC and New Hope & Ivyland Railroad.

¹ Freight operations over the Rail Lines have been implemented and conducted under a trackage rights agreement, originally between SEPTA and Conrail, and now among SEPTA, CSXT and Norfolk Southern Railway Company. The parties are amending the trackage rights agreement to, *inter alia*, assign CSXT’s rights to operate the Rail Lines to PNR so that PNR can conduct freight operations over the Rail Lines.

² PNR is also acquiring the right to operate the Lansdale Yard which is adjacent to the Rail Lines. Pursuant to 49 USC §10906, the acquisition of yard track does not require authorization of the Board. In an abundance of caution, if the Board concludes that PNR requires authority to operate the Lansdale Yard, PNR requests that the trackage be included in the request for authority under this notice of exemption.

Notice

In accordance with 49 C.F.R. §1150.33, PNR hereby states as follows:

(a) The full name and address of Applicant: Pennsylvania Northeastern Railroad, LLC, 301B West Main Street, Lansdale, PA 19446.

(b) The name, address and telephone number of the representative of PNR who should receive correspondence: Eric M. Hocky, Esquire, Thorp Reed & Armstrong, LLP, One Commerce Square, 2005 Market Street, Suite 1000, Philadelphia, PA 19103; (215) 640-5000.

(c) PNR and CSXT are finalizing the terms of their agreements, and expect to enter into the agreements and close on or after August 13, 2011.

(d) PNR will be the freight operator of the Rail Lines.

(e) Brief Summary of the Proposed Transaction:

PNR is entering into an agreement with CSXT to acquire a permanent freight easement over, and to operate, the Rail Lines. The Rail Lines are owned by SEPTA, and CSXT is the current owner of the permanent freight easement over and operator of the Rail Lines; Conrail was the original holder of the permanent freight easement.³ PNR believes that freight operations over these light density lines can best be provided by a locally based short line like PNR, and that it will be able to preserve and grow the freight business served by the Rail Lines.

(1) The name and address of the company transferring ownership of the freight easement for the Rail Lines: CSX Transportation, Inc., 500 Water Street, Jacksonville, FL 32202.

³ As noted in footnote 1, PNR will also have the right to operate the adjacent Lansdale Yard.

(2) PNR expects to commence operations on or after August 13, 2011, more than thirty days after the filing of this Notice of Exemption.

(3) The Rail Lines are described as follows: (1) Bethlehem Branch – 23.80 miles between Milepost QAJ 6.70 at Newtown Junction and Milepost QAJ 30.50 at Telford, (2) Doylestown Branch - 10.13 miles between Milepost QAH 0.00 at Lansdale and Milepost QAH 10.13 at Doylestown, (3) New Hope Branch – 8.40 miles between Milepost QAU 0.00 at Glenside and Milepost QAU 8.40 at Ivyland, (4) New York Line – 10.20 miles between Milepost QAA 10.90 at Jenkintown and Milepost QAA 21.10 at Neshaminy, and (5) a portion of the Stony Creek Branch - 3.0 miles between Milepost QAC 0.00 at Lansdale and Milepost QAC 3.00.

(4) The total mileage to be acquired and operated is approximately 55.53 miles.

(f) Attached as Exhibit A to this Notice of Exemption is a map of the Rail Lines.

(g) PNR certifies that its projected revenues as a result of the transaction will not exceed those that would qualify it as a Class III carrier.⁴

(h) PNR will interchange with CSXT at Lansdale Yard. There are no interchange commitments to CSXT as a part of this transaction.

⁴ PNR additionally certifies that its projected revenues after the transaction will not exceed \$5,000,000 per year.

Environmental and Historic Reports

Pursuant to 49 C.F.R. §1105.6(c)(2)(i), no environmental documentation should be required because this proceeding involves authority for an acquisition under 49 U.S.C. §10901 for continued operations that will not exceed the thresholds established in 49 C.F.R. §1105.7(e)(4) or (e)(5).

No historic report under 49 C.F.R. §1105.8(b)(1) should be required because the transaction merely involves an acquisition for continued rail operations, and further Board approval is required to discontinue or abandon any service. PNR has no plans to dispose of or alter properties subject to the Board's jurisdiction that are 50 years old or older.

Labor Protection

Pursuant to 49 U.S.C. §10901(e), approval of this transaction may not be subjected to labor protection conditions.

Caption Summary

Attached hereto as Exhibit B is the caption summary required by 49 C.F.R. §1150.34.

Respectfully submitted,



ERIC M. HOCKY
THORP REED & ARMSTRONG, LLP
One Commerce Square
2005 Market Street, Suite 1000
Philadelphia, PA 19103
(215) 640-8500
ehocky@thorpreed.com

Dated: July 7, 2011

Attorneys for
Pennsylvania Northeastern Railroad, LLC

VERIFICATION

I, Willard S. Phillips, President and General Manager of Pennsylvania Northeastern Railroad, LLC, verify under penalty of perjury that the foregoing is true and correct. Further, I certify that I am qualified and authorized to file the foregoing document.

Executed on July 7, 2011.


Willard S. Phillips

MAP

EXHIBIT A

CAPTION SUMMARY

EXHIBIT B

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB DOCKET NO. FD 35535

**PENNSYLVANIA NORTHEASTERN RAILROAD, LLC
- ACQUISITION AND OPERATION EXEMPTION -
CSX TRANSPORTATION, INC.**

Pennsylvania Northeastern Railroad, LLC (“PNR”), a non-carrier, has filed a Notice of Exemption to acquire from CSX Transportation, Inc. a permanent freight easement over, and to operate, the lines of railroad owned by Southeastern Pennsylvania Transportation Authority described as follows: (1) Bethlehem Branch – 23.80 miles between Milepost QAJ 6.70 at Newtown Junction and Milepost QAJ 30.50 at Telford, (2) Doylestown Branch - 10.13 miles between Milepost QAH 0.00 at Lansdale and Milepost QAH 10.13 at Doylestown, (3) New Hope Branch – 8.40 miles between Milepost QAU 0.00 at Glenside and Milepost QAU 8.40 at Ivyland, (4) New York Line – 10.20 miles between Milepost QAA 10.90 at Jenkintown and Milepost QAA 21.10 at Neshaminy, and (5) a portion of the Stony Creek Branch – 3.0 miles between Milepost QAC 0.00 at Lansdale and Milepost QAC 3.00. The rail lines are located in Philadelphia, Montgomery and Bucks Counties, Pennsylvania. The total mileage to be acquired and operated is approximately 55.53 miles. This filing is related to a petition for common control that will be filed prior to closing in STB Docket No. FD 35534, Paul Nichini – Continuance in Control Exemption – Pennsylvania Northeastern Railroad, LLC and New Hope & Ivyland Railroad.

Comments must be filed with the Board and served on PNR's representative, Eric M. Hocky, Esquire, Thorp Reed & Armstrong, LLP, One Commerce Square, 2005 Market Street, Suite 1000, Philadelphia, PA 19103; (215) 640-8500.

The Notice is filed under 49 C.F.R. §1150.31. If the Notice contains false or misleading information, the exemption is void *ab initio*. Petitions to revoke the exemption under 49 U.S.C. §10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

